

CENTRAL BEDFORDSHIRE COUNCIL

At a meeting of the **AUDIT COMMITTEE** held in on Monday, 27 September 2010

PRESENT

Cllr D Bowater (Chairman)
Cllr R A Baker (Vice-Chairman)

Cllrs Mrs A Barker
T Green

Cllrs P Snelling
B J Spurr

Apologies for Absence: Cllrs A Shadbolt

Substitutes: Cllrs R D Berry (In place of A Shadbolt)

Officers in Attendance:

Mr M Bowmer	Assistant Director, Financial Services/Chief Finance Officer
Mr R Ellis	Director of Customer and Shared Services
Clive Jones	Assistant Director, Customers and Systems
Mr A King	Head of Corporate Finance
Ms K Riches	Head of Audit

Others In Attendance:

Cathy O'Carroll	Audit Commission
Paul King	Audit Commission
Heather Rothwell-Trickett	Audit Commission

A/10/26 **Apologies for Absence**

Apologies for absence were received from Councillor Shadbolt. Councillor Berry was present as his substitute.

A/10/27 **Chairman's Announcements and Communications**

The Chairman welcomed Councillor Berry, who had been suffering ill health, to the meeting.

The Chairman also clarified the agenda numbers to correlate with the page numbers on the papers.

A/10/28 **Minutes and Any Matters Arising**

The Committee approved and the Chairman signed as a correct record the minutes of the meetings held on 28 June and 30 June 2010.

A/10/29 **Members' Interests**

(a) **Personal Interests:-**

There were no declarations of personal interests.

(b) **Personal and Prejudicial Interests:-**

There were no declarations of personal and prejudicial interests.

A/10/30 **Public Participation**

No applications had been received under Procedure Rule No. CM9 to speak during the fifteen minute question and statement period at the beginning of the meeting. Furthermore there had been no applications to speak under the Public Participation Scheme on any items included on the agenda for this meeting.

A/10/31 **Petitions**

No petitions had been received.

A/10/32 **Annual Governance Report**

The Committee noted that a revised version of the Annual Governance Report had been published since dispatch of the agenda and it was now tabled at the meeting.

It was also noted that as the audit of the 2009/10 Statement of Accounts had not been completed, a request was before the Committee to delegate authority to the Chairman to sign off the revised Statement of Accounts.

The Committee considered the report in detail and asked a number of questions. There were two particular areas of concern, as set out below.

The position on the valuation of council dwellings and other Property Assets property was noted. Members were advised of the circumstances that had led to the "impairment" (review) report. The Committee noted that setting a precedent for opening and closing balances mid-year was inadvisable and that an increase in value should only be recorded if it was expected to be permanent. Members were aware of the current volatility of the property

market. It was noted that trends in property prices would be reviewed at year-end and a decision would be taken then as to whether an upward valuation should be entered for the purposes of the accounts.

Whilst Members noted the technical nature of the valuation issue, greater concern was expressed about the disaggregation of balances for creditors, debtors, cash and temporary investments. The question was raised of whether resolving these would impact adversely on the Revenue Account.

A response was given which indicated that considerable work had been and continued to be undertaken to achieve clarity in this area. This specific part of the accounts had been stripped back to basics with detailed spreadsheets and working papers produced. The checking had now concluded and draft papers indicated that there was nothing amiss.

The Committee noted that the Value for Money conclusion was likely to be subject to a Qualified opinion by the Audit Commission. The Audit Commission representative pointed out however that other councils which had become unitaries in 2009 at the same time as Central Bedfordshire had experienced problems with timescales, leading to Qualified Opinion.

In response to a question, the Audit Commission representative indicated that the fact that the accounts had not been fully complete by end June 2010 led to some concern.

Members were advised of the position that the Chief Accountant had quite recently left the Council due to ill health and in his absence, the appropriate level of expertise on the SAP system had not been available. Whilst the position had been filled on an interim basis the Council would shortly be recruiting for a permanent replacement. It was anticipated that the problem of not being able to put the opening balances into SAP would not be repeated. With the opening balances in place next year the position would be simplified.

Consideration was given to the proposal that the Committee approve delegated authority to enable the Chairman to sign off the accounts. A suggestion was made that instead, a meeting should be held at the appropriate point to enable the Committee to approve the signing off of the accounts.

The Committee also considered that their level of significant concern regarding the accounts should be referred to the Chief Executive. Members asked the Chairman to write to the Chief Executive accordingly and send a copy of his letter to the Leader of the Council.

RESOLVED:-

- 1. to note the report;**
- 2. to ask the Chairman to write to the Chief Executive, sending a copy to the Leader, expressing the Committee's extreme concern that the accounting figures are unsound as shown through the Audit Commission's report and that they provide the basis for drawing up the budget for next year;**

3. **instead of delegating authority to enable the Chairman to sign off the accounts, to agree to meet again on Thursday 21 October 2010 for the purposes of signing off the accounts.**

Following the conclusion of this item the Committee took a 10 minute comfort break and resumed at 11.00am.

A/10/33

Internal Audit Charter

The Committee considered the updated Internal Audit Charter attached at Appendix A to the submitted report, providing a means of Council members, employees and contractors understanding how internal audit interacts with the organisation when carrying out its work.

It was noted that this document contained no significant changes to the 2009/10 Charter presented to Committee in April 2009 although it had been updated to reflect changes in roles and responsibilities arising from the Senior Management Review.

The Committee welcomed the document.

In response to a question as to whether the Committee should meet more frequently it was noted that no additional meetings were required to be programmed in. Meetings should however be held at appropriate times with regard to the work that was being undertaken.

AGREED

that the Committee noted and endorsed the 2010/11 Internal Audit Charter.

A/10/34

Information Governance Framework

The Committee received and considered a report together with the Council's Information Governance Framework.

The report set out the steps for ensuring that the information held by the Council is appropriately governed in terms of protecting the interests of all its stakeholders. It also detailed the Council's fundamental aims with regard to information governance and the role of the Senior Information Risk Officer (SIRO) .

The Committee noted that the Council had recently passed its CoCo audit (Government Connect Code of Connection). As this assessment was increasingly stringent each year this was a significant achievement.

AGREED

to approve the Information Governance Framework subject to a number of minor drafting amendments.

A/10/35 **Exclusion of the Press and Public**

RESOLVED:

that under section 100A of the Local Government Act 1972 the Press and Public were excluded from the meeting for the following items of business on the grounds that consideration of the items were likely to involve the disclosure of exempt information as defined in paragraph 3 of Part I of Schedule 12A of the Act.

A/10/36 **Internal Audit Progress Report**

The Committee received and considered a report setting out the progress and status of Internal Audit work for 2010/11.

In considering the report it was noted that an audit investigation which had been started by one of the Council's legacy authorities had resulted in a criminal conviction with a 2 years and 9 months jail sentence and the repayment of £160,000.

RESOLVED:-

1. **to note the progress made to date; and**
2. **to approve the proposed revisions to the 2010/11 Plan.**

A/10/37 **Tracking of Internal Audit Recommendations**

The Committee considered a report which summarised the high risk recommendations arising from Internal Audit reports and outlined how these would be monitored, tracked and reported to the Committee.

Members noted the tracking system and that there were currently no red-flagged items. It was noted that progress would continue to be monitored.

It was noted that a progress report would be brought to the Committee's next meeting. The Committee requested that an interim report be sent to members of the Committee on the position at 31 October 2010.

AGREED:-

1. **to note and welcome the arrangements;**
2. **that an interim report would be sent to members of the Committee providing an update of the position at 31 October 2010.**

(Note: The meeting commenced at 09.45am and concluded at 11.55am.

Chairman

Dated